

AMENDED IN SENATE MARCH 29, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

**SENATE BILL**

**No. 2**

**Introduced by ~~Senator Alarcon~~ Senators Alarcon, Chesbro,  
Escutia, Sher, Soto, and Vincent**  
(Coauthors: Assembly Members Diaz, Firebaugh, Koretz, and  
Oropeza)

January 17, 2001

---

An act to amend Sections 382, 739.1, and 2790 of, and to add ~~Section 382.1~~ *Sections 382.1 and 386* to, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 2, as amended, Alarcon. Public utilities.

**Existing**

(1) *Existing* law requires the Public Utilities Commission to establish a program of assistance to low-income electric and gas customers, which is referred to as the California Alternate Rates for Energy or CARE program.

This bill would establish the Low-Income Oversight Board for the purpose of monitoring and evaluating the implementation of low-income programs *for electricity and gas customers*. The bill would require, beginning in 2002, the Low-Income Oversight Board to conduct a comprehensive needs assessment of both program implementation and the effectiveness of specific energy efficiency services on a periodic basis.

The bill would require the commission to ~~establish~~ *ensure that* the CARE discount *correctly reflects the level of need of customers at 30%*

~~and establish eligibility for individuals with incomes at or below 200% of the state poverty level or 60% of the state median income, whichever is higher. The bill would authorize the commission to increase the level of the discount or lower the eligibility level based on an assessment of customer need.~~

The bill would require *the commission to work with* public utility electrical and gas corporations to establish 95% penetration goals ~~to increase participation in CARE~~. The bill would require the commission to adjust the current CARE balancing account of the utilities to ensure for maximum efficiency and greater program outreach.

The bill would require public utility electrical *and gas* corporations to work with public utility telephone corporations *and other low-income programs* to streamline the eligibility for low-income rate programs and would require that customers already enrolled in the Universal Lifeline Telephone Services program *and eligible for the CARE program* to be automatically enrolled in the CARE program ~~and be given the option to opt out of the program~~. *The bill would require that, until January 1, 2005, electricity and gas rates for CARE program participants be equivalent to those in effect as of January 1, 2000.*

The bill would require weatherization programs to use the needs assessment conducted by the Low-Income Oversight Board to maximize efficiency of delivery.

(2) *Existing law requires each local publicly owned electric utility that has not implemented programs for low-income electricity customers or completed an assessment of need for those programs on or before December 21, 2000, to perform a needs assessment, as prescribed, and determine the amount of total funds collected to be allocated to low-income programs.*

*This bill would require a local publicly owned electric utility that has not complied with these provisions to establish a program of rate assistance to low-income electric customers, the cost of which may not be borne solely by one class of customer, including requirements for a 30% rate discount, eligibility standards based on income, and 98% penetration goals. The bill would authorize the local publicly owned electric utility to increase the level of the discount or raise the eligibility level based on an assessment of customer need. The bill would prohibit an increase in any customer surcharge as a result of this program.*

~~Because a~~

(3) A violation of the Public Utilities Act is a crime. This bill would change the definition of that crime by adding new requirements for electric utilities, thereby imposing a state-mandated local program.

The

(4) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

This bill would provide that no reimbursement is required by this act for a specified reason.

~~The bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and this would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.~~

Vote:  $\frac{2}{3}$  majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 382 of the Public Utilities Code is  
2 amended to read:

3 382. (a) Programs provided to low-income electricity  
4 customers, including, but not limited to, targeted  
5 energy-efficiency services and the California Alternative Rates for  
6 Energy Program shall be funded at not less than 1996 authorized  
7 levels based on an assessment of customer need.

8 (b) *In order to meet legitimate needs of electric and gas*  
9 *customers who are unable to pay their electric and gas bills and*  
10 *who satisfy eligibility criteria for assistance, recognizing that*  
11 *electricity is a basic necessity, and that all residents of the state*  
12 *should be able to afford essential electricity and gas supplies, the*  
13 *commission shall ensure that the energy expenditure of*  
14 *low-income families does not exceed 8 percent of their entire*  
15 *income. Energy expenditure may be reduced through establishing*  
16 *different rates for such customers, rate assistance, and energy*  
17 *efficiency programs.*

18 (c) *Nothing in this section shall be construed to prohibit*  
19 *electric and gas providers from offering any special rate or*  
20 *program for low-income customers, seniors, or fixed income*  
21 *customers that is not specifically required in this section.*

(d) The commission shall allocate funds necessary to meet the low-income objectives in this section.

~~(b)~~

(e) Beginning in 2002, an assessment of need shall be conducted periodically by the Low-Income Oversight Board pursuant to Section 382.1 to enhance program delivery and ensure that funding adequately reflects low-income electricity *and gas* customers' energy expenditures, hardship, *language needs*, and economic burdens.

SEC. 2. Section 382.1 is added to the Public Utilities Code, to read:

~~382.1. (a) A Low-Income Oversight Board shall be established and comprised of low-income community experts, members of the Governor's staff, designated representatives of the commissioner, employees of the Department of Community Services and Development, and the public utility electric corporations for the purpose of all of the following:~~

~~(1) Overseeing the development of an assessment of customer need.~~

~~(2) To ensure a comprehensive needs assessment is conducted of both program implementation and the effectiveness of specific energy efficiency services on a periodic basis.~~

~~(3) To ensure the most effective and efficient implementation of programs that provide assistance to low-income electricity customers.~~

~~(b) The Low-Income Oversight Board shall report directly to the Legislature and the members of the commission, but shall act independently from the commission.~~

~~(c) The commission shall provide technical support to the Low-Income Oversight Board.~~

382.1. (a) A *Low-Income Oversight Board* shall be established that shall report directly to the Legislature and work with the commission for the purposes of monitoring and evaluating the implementation of all programs provided to low-income electricity and gas customers. The *Low-Income Oversight Board* shall do, but is not limited to doing, all of the following:

(1) *Oversee the development of an assessment of customer need pursuant to Section 382.*

(2) *Ensure that a comprehensive needs assessment is conducted periodically to evaluate program implementation and the*

1 effectiveness of specific weatherization services and energy  
2 efficiency measures.

3 (3) Ensure collaboration between state and utility programs for  
4 low-income electricity and gas customers.

5 (4) Produce reports to the Legislature summarizing the  
6 assessment of need, audits, and analysis of program  
7 implementation.

8 (5) Work with the commission to reduce duplication of efforts.

9 (6) Work to streamline the application and enrollment process  
10 of programs for low-income electricity and gas customers.

11 (b) The Low-Income Oversight Board shall be comprised of 13  
12 members to be selected by the commission from each of the  
13 following groups:

14 (1) Four members who have expertise in the low-income  
15 community and who are not affiliated with any state or utility  
16 group.

17 (2) One member who is a representative from the Governor's  
18 office.

19 (3) One member who is a designated representative of the  
20 commission and who has expertise in the area of low-income  
21 programs.

22 (4) One member who is a designated representative of the State  
23 Energy Resources Conservation and Development Commission.

24 (5) One member who is a representative of the Department of  
25 Community Services and Development Department.

26 (6) One member who is a provider for the Low-Income Home  
27 Energy Assistance Program (LIHEAP).

28 (7) Four members who are representatives from each of the  
29 electrical corporations and who have expertise in the area of  
30 programs for low-income electricity and gas customers.

31 (c) The Low-Income Oversight Board shall act independently  
32 of the commission.

33 (d) The Low-Income Oversight Board shall not have  
34 ratemaking authority, but shall direct the commission on  
35 low-income issues.

36 (e) The Low-Income Energy Board may establish a technical  
37 advisory committee to assist the board and may request utility  
38 representatives and commission staff to assist the technical  
39 advisory committee.

1 (f) *The commission shall do all of the following in conjunction*  
2 *with the board:*

3 (1) *Work with the board and community-based organizations to*  
4 *increase participation in programs for low-income customers.*

5 (2) *Provide technical support to the board.*

6 (3) *Ensure that the energy burden of low-income electricity and*  
7 *gas customers is reduced.*

8 (4) *Provide formal notice of board meetings in the*  
9 *commissions' daily calendar.*

10 (g) (1) *Members of the board and members of the technical*  
11 *advisory committee shall be eligible for compensation in*  
12 *accordance with state guidelines for necessary travel.*

13 (2) *Members of the board and members of the technical*  
14 *advisory committee who are not salaried state service employees*  
15 *shall be eligible for reasonable compensation for attendance at*  
16 *board meetings.*

17 (3) *All reasonable costs incurred by the board, including,*  
18 *staffing, travel, and administrative costs, shall be part of the*  
19 *budget of the commission and the commission shall consult with*  
20 *the board in the preparation of its annual proposed budget.*

21 (4) *If the Low-Income Oversight Board is duplicative of the*  
22 *commission's Low-Income Advisory Board, the commission's*  
23 *Low-Income Advisory Board shall be dissolved and its budget*  
24 *shall be applied to the Low-Income Oversight Board's budget.*

25 SEC. 3. *Section 386 is added to the Public Utilities Code, to*  
26 *read:*

27 386. (a) *Each local publicly owned electric utility shall*  
28 *ensure the following:*

29 (1) *Low-income families within the utility's service territory*  
30 *have access to affordable electricity.*

31 (2) *The current level of assistance reflects the rising level of*  
32 *need.*

33 (3) *Low-income families are afforded energy efficiency*  
34 *measures that reduce energy consumption at no cost.*

35 (b) *If a local publicly owned electric utility has not complied*  
36 *with the provisions under subdivision (b) of Section 385 it shall*  
37 *establish a program of rate assistance to low-income electric*  
38 *customers, the cost of which may not be borne solely by any single*  
39 *class of customer. The local publicly owned electric utility shall*  
40 *establish a rate discount of 30 percent. Eligibility shall be*

1 *established for individuals with income at or below 200 percent the*  
2 *Federal poverty level or 60 percent of the state median income,*  
3 *whichever is higher.*

4 *(c) The local publicly owned electric utility may increase the*  
5 *level of the discount or raise the eligibility level based on an*  
6 *assessment of customer need.*

7 *(d) A publicly owned electric utility shall streamline enrollment*  
8 *for low-income programs by collaborating with existing providers*  
9 *for the Low-Income Home Energy Assistance Program (LIHEAP),*  
10 *Universal Lifeline Telephone Service (ULTS) program providers,*  
11 *and other electric or gas providers within the same service*  
12 *territory.*

13 *(e) A local publicly owned electric utility shall establish a 98*  
14 *percent penetration goal for its rate assistance program*  
15 *participation.*

16 *(f) No provision of this section shall result in an increase in any*  
17 *surcharge for customers of a publicly owned electric utility.*

18 **SEC. 4.** Section 739.1 of the Public Utilities Code is amended  
19 to read:

20 739.1. (a) The commission shall establish a program of  
21 assistance to low-income electric and gas customers, the cost of  
22 which shall not be borne solely by any single class of customer.  
23 The program shall be referred to as the California Alternate Rates  
24 for Energy or CARE program. ~~The commission shall establish the~~  
25 ~~CARE discount at 30 percent. Eligibility shall be established for~~  
26 ~~individuals with incomes at or below 200 percent of the state~~  
27 ~~poverty level or 60 percent of the state median income, whichever~~  
28 ~~is higher. The commission may increase the level of the discount~~  
29 ~~or lower the eligibility level based on an assessment of customer~~  
30 ~~need, for Energy or CARE programs. The commission shall ensure~~  
31 ~~that the level of discount for low-income electric and gas~~  
32 ~~customers correctly reflects the level of need.~~

33 ~~(b) Public utility electric and gas corporations shall establish 95~~  
34 ~~percent penetration goals to increase program participation.~~

35 *(b) The commission shall work with the public utility electrical*  
36 *and gas corporations to establish penetration goals. The*  
37 *commission shall adjust the current CARE balancing account*  
38 *corporation to ensure for maximum efficiency and greater*  
39 *program outreach.*



~~(c) Public utility electric corporations shall work with public utility telephone corporations to streamline the eligibility for low-income rate programs. Customers already enrolled in the Universal Lifeline Telephone Services program shall automatically be enrolled in the CARE program. Customers who are automatically enrolled in the CARE program may choose to opt out of the program. The commission shall work with public utilities to meet the low-income objectives in this section.~~

*(c) Public utility electrical and gas corporations shall work with public utility telephone corporations, providers for the Low-Income Home Energy Assistance Program (LIHEAP), and other low-income programs to streamline the eligibility for low-income rate programs. Public utility electrical and gas corporations shall seek referrals from Universal Lifeline Telephone Service program (ULTS) providers, using ULTS data, to maximize CARE enrollment. The commission shall monitor the transfer of data to minimize any breach of confidentiality. To the extent possible, ULTS program customers eligible for CARE shall be automatically enrolled into the CARE program after customer affirmation. The commission shall work to develop methods to automatically enroll eligible customers into multiple low-income utility programs. The commission shall work with public utilities to meet the low-income objectives in this section.*

(d) The commission's program of assistance to low-income electric and gas customers shall, as soon as practicable, include nonprofit group living facilities specified by the commission, if the commission finds that the residents in these facilities substantially meet the commission's low-income eligibility requirements and there is a feasible process for certifying that the assistance shall be used for the direct benefit, such as improved quality of care or improved food service, of the low-income residents in the facilities. The commission shall authorize utilities to offer discounts to eligible facilities licensed or permitted by appropriate state or local agencies, and to facilities, including women's shelters, hospices, and homeless shelters, that may not have a license or permit but provide other proof satisfactory to the utility that they are eligible to participate in the program.

~~SEC. 4.—~~



(e) Notwithstanding any other provision of law, until January 1, 2005, electricity and gas rates for CARE program participants shall be equivalent to those in effect as of January 1, 2000.

SEC. 5. Section 2790 of the Public Utilities Code is amended to read:

2790. (a) The commission shall require an electrical or gas corporation to perform home weatherization services for low-income customers, as determined by the commission under Section 739, if the commission determines that a significant need for those services exists in the corporation's service territory, taking into consideration both the cost effectiveness of the services and the policy of reducing the hardships facing low-income households.

(b) (1) For purposes of this section, "weatherization" may include, where feasible, any of the following measures for any dwelling unit:

(A) Attic insulation.

(B) Caulking.

(C) Weatherstripping.

(D) Low flow showerhead.

(E) Waterheater blanket.

(F) Door and building envelope repairs that reduce air infiltration.

(2) The commission shall direct any electrical or gas corporation to provide as many of these measures as are feasible for each eligible low-income dwelling unit.

(c) "Weatherization" may also include other building conservation measures, energy-efficient appliances, and energy education programs determined by the commission to be feasible, taking into consideration for all measures both the cost effectiveness of the measures as a whole and the policy of reducing energy-related hardships facing low-income households.

(d) Weatherization programs shall use the needs assessment pursuant to Section 382.1 to maximize efficiency of delivery.

~~SEC. 5.—~~

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of  
2 the Government Code, or changes the definition of a crime within  
3 the meaning of Section 6 of Article XIII B of the California  
4 Constitution.

O

